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MAHATHIR-BAKUN

GOVT YET TO DECIDE ON TNB'S STAKE IN BAKUN, SAYS PRIME MINISTER

KUALA LUMPUR, July 16 (Bernama) -- The government has not decided on the stake that utility giant, Tenaga Nasional Bhd (TNB) might take in the revived Bakun Hydroelectric project, said Prime Minister, Dr Mahathir Mohamad today.

Speaking at a press conference after opening the Malaysian Electric Power Forum 2001 here, he said at the moment the Bakun project belonged to the government which would also develop the RM9 billion project.

"But if there are private sectors wanting to take their share in Bakun, they are welcome. At the moment we have not decided as far as Tenaga is concerned" said the Prime Minister.

The project, in Sarawak is currently owned by Sarawak Hydro Sdn Bhd, which is exclusively held by the Minister of Finance Inc.

In May, the government had said that it would consider the offer by Tenaga to assist in the Bakun project in Sarawak and also TNB's offer to take up a small stake in the project.

On reserve power, Dr Mahathir suggested a reduction in the price of power purchase from the private sector so as to reduce Tenaga's burden in maintaining its stand-by capacity.

The reserve capacity is an added cost to TNB but the company does not earn money from it, he added.

Earlier in his speech, the Prime Minister said the electricity industry was peculiar in that it must always have a fairly big reserve power available.

The latest figure showed that Malaysia's capacity reserve is currently at 40 percent from the previous margin of 30 percent.

Dr Mahathir also said that the government would have another look at the restructuring of the electricity supply industry in the light of recent experiences seen in other countries following the privatisation of their power industries.

"The power pool and biddings to supply electricity need not be the best solution to aim for in the short or medium term," he said.

In power pooling, power generation companies bid and sell bulk power to distribution companies or large customers.

Dr Mahathir said that for now, the competitive bidding by power suppliers was thought as the ideal way of managing electricity supply but this changed with the persistent breakdown in power supply in California, United States.

The dismantling of plants by those power suppliers who failed to win bids, created a situation where there was no stand-by power to fall back on when demand suddenly picked up.

"And building new plants takes a long time. In the meantime black-outs and brown-outs have to be endured by the highly developed states of the US and its very rich people.

"In a third-world country this can be accepted, but not in a highly developed country," he added.

Moving ahead, Dr Mahathir said the government was prepared to introduce a more transparent competitive bidding process where independent power producers (IPPs) could be expected to compete for new power projects.

This would generate a more competitive pricing structure and also a fairest price of all if the need to have enough stand-by capacity was always borne in mind.

"Winning bids can be used as a basis for long term power purchase contracts as an alternative to real-time bidding in power pooling markets, which has experienced problems and raised doubts elsewhere," he said.

On another note, electricity peak demand in Peninsular Malaysia has grown to 9,948 megawatts this year from 3,447 in 1990. This is projected to grow by over 117 percent to 21,668 megawatts in 2010.

"With such huge demand growth expected in the future, it is imperative that we achieve greater energy efficiency," said Dr Mahathir.

He added that a government study revealed that if Malaysian industrial and commercial sectors were encouraged to improve and use their energy efficiently by a mere 10 percent, the resultant total national benefit would be more than RM5.8 billion over five years. -- BERNAMA

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